



# Procurement News – Near and FAR

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Welcome to the Spring, 2001 issue of *Near and FAR*. Besides updates from some of the Procurement Conference speakers, we are pleased to welcome input from Mr. Steve App, Treasury's Acting Chief Financial Officer. This edition also includes an update on Section 508 information and Ronne Rogin talks about the opportunity to give back to our profession through teaching.

Mary Lou Alderman will be the editor for the Summer 2001 issue. Please submit articles by mid-August. You may e-mail your articles to: [mary.lou.alderman@do.treas.gov](mailto:mary.lou.alderman@do.treas.gov). Mary Lou can also be reached on 202-622-0803.

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## THE DIRECTOR'S CORNER

By Corey Rindner,  
Procurement Executive



The Treasury Procurement Conference in March brought together over 100 Treasury procurement professionals for two days of honing our “soft skills”. The conference had two goals in mind:

giving people an opportunity to meet other Treasury professionals and providing tools that will help us become better business managers. We were successful on both counts.

I particularly enjoyed Sylvia Ball’s presentation on facilitation skills. Running effective meetings and handling teams are two soft skills procurement professionals need to know.

The presentations by bureaus on Bureau Procurements and Innovations were fascinating. Mint discussed its “Poor Man’s Auction”, an email auction conducted for dry cleaning services (see the related article in this newsletter) and purchasing techniques for base metals. ATF described enormous savings in time and money in vehicle disposal. IRS discussed the Treasury Information Processing Services (TIPS) program and the Industry Relationship Program. OCC provided insight into contracting for employee benefits. OTS presented information on how to procure thrift examiner services. FLETC highlighted their innovative Build Lease project for acquiring dormitory facilities without purchasing a dormitory. BEP discussed construction projects. And FMS gave a presentation on what FMS does.

We look forward to next years’ conference. Let us know about any topics you’d like to see included.

## STEVE APP SPEAKS TO PROCUREMENT

*Steven App is currently Treasury's Acting Chief Financial Officer and Deputy Chief Financial Officer. The Treasury Office of Procurement and Office of Small Business Development now fall under Steve's direction.*

Think of the Department of the Treasury as a large and diverse holding company with many different product lines. A company that processes over 1.4 billion transactions a year, with data coming from multiple procurement, accounting, inventory, payroll, and travel systems that all feed into one Corporate warehouse. That is the picture Steve App, Treasury's Deputy Chief Financial Officer, painted at our annual Treasury Procurement Conference held March 27-28.

No, we don't have a single unified finance/procurement system across all of our subsidiaries and we can't close the company books in 3 days (yet). And we are probably a ways from what certain leading-edge companies now do: exception reporting for timekeeping and travel. Steve told interesting stories of how millions of dollars have been saved by companies that assume their employees work 40 hours a week and track only leave that is taken, or review travel vouchers only when the expenses claimed fall outside a pre-established norm.

But, as Steve declared, what we *can* and *must* do is figure out how to leverage the information that we do have to operate more efficiently and provide value back to our customers. Our customers and taxpayer stakeholders demand it. It is about managing risk and achieving cost savings while at the same time maintaining the quality programs and services expected by our customers. To do this we don't necessarily need one consolidated finance/procurement system. By using common business operating rules we can determine what data are needed and in what format. The information is abundantly available if we can just harness it and then use it to make smart decisions and measure our performance.

While we may not have one enterprise-wide system, Steve spoke of the growing imperative for the CFO, CIO, Procurement, HR, and Legal communities to come together into one management team. We can no longer specialize and make our support function a mission unto itself. Our areas often overlap and have grown increasingly interdependent. Across the government now are examples of e-government initiatives that are

succeeding because of the coordinated efforts among these communities.

We appreciate Steve taking the time from his busy CFO responsibilities to address our procurement conference. His excellent remarks reflect the kind of vision and forward-thinking that is needed to face the many challenges ahead.

## TREASURY'S OFFICE OF SMALL BUSINESS DEVELOPMENT.... WHAT WE DID, WHAT WE GOT, WHAT WE'RE DOING!

*by Dan Sturdivant*

When we last spoke with you, in the Winter issue of *Near and FAR*, we discussed a number of programs and initiatives that would add to Treasury's legacy as having one of the most aggressive and progressive small business programs in government.

### "What we did"...

One of those initiatives was taking the "lead" in planning and managing the 11<sup>th</sup> Annual OSDDBU Directors Procurement Conference. The conference, held at the Show Place Arena, Upper Marlboro, Maryland, on Tuesday, April 24<sup>th</sup>, has been billed as the largest, one-day conference in Government. It attracted well over 2,000 participants from all over the country! It is extremely well organized, and is virtually a one-stop-shop for the small, minority and women-owned business community. While it featured the staples, such as seminars and booths, what really set this conference apart from the average, run-of-the-mill affair, was the pre-scheduled, 15-minute, one-on-one counseling sessions with procurement and program representatives from federal, state, and local governments and prime contractors. The idea of these counseling sessions was invented by Treasury's OSBD, and orchestrated by Ms. Mary Ellen Dorsey, Treasury's OSBD Women-Owned Business Representative. A listing of counselors and "what they buy" was posted on the conference web site. Vendors interested in participating sent an email request to Mary Ellen who scheduled their appointments and sent them an email confirmation notice. The success of this event is due to the technology available through the Internet. Dan Sturdivant moderated a panel on "How to do business with the Government". This panel was especially popular with new businesses. We can honestly say that no vendor left this conference without

“something” that would help his or her business to grow, down the road.

Following the conference, Treasury hosted its annual Small Business Awards Ceremony that recognized the many supporters of the Treasury small business program. The awards were presented by Senior Management, including, Jim Flyzik, Acting ASM & CIO, and Jim Lingeback, Acting DCFO (filling in for Steve App, Acting CFO). This year awards were presented as follows:

**Bureau Chief Procurement Officer Group Award** (for exceeding all Treasurywide goals)

**Bureau Small Business Specialist Group Award** (for exceeding all Treasurywide goals)

**SBA Assistance Award** – Mitch Ocampo

**Small Business Prime Contract Achievement Award** – FLETC (78.6%)

**8(a) Achievement Award** – OCC (28.8%)

**Small Disadvantaged Business Achievement Award** – ATF (13.6%)

**Women-Owned Small Business Achievement Award** – BPD (11.6%)

**Small Business Subcontracting Achievement Award** – USSS (75.0%)

**Landmark Achievement Awards** – BEP (24.1%), OTS (45.2%), and FMS (47.3%) (for the highest small business prime contracting achievements in the past 15 years)

**JWOD Support Award** – Mint

**HUBZone Support Award** – IRS, BPD, and ATF

**Small Business Partner of the Year** - Griffin Tire and Battery (nominated by ATF)

**Large Business Partner of the Year** – EG & G (nominated by Customs)

**Mentor-Protégé Team of the Year** – EDS and The Knight Group

**Outreach Commitment Award** - SAIC

**Program Manager Support Group Award** –

Pat Alvarado (IRS), Felicia Croom (ATF), Tom Freeman (USSS), Steve Sosson (DO)

**Program Manager of the Year** – Bill Dyer (IRS)

**Small Business Leadership Awards** (presented to one or two individuals showing extraordinary small business leadership) – Jim Flyzik and Steve App

**Bureau Management Award** (for exceeding small business goals in all categories) – Customs

**Small Business Advocate of the Year** – Angela Williams (BEP)

Immediately following the awards ceremony, Treasury's OSBD held 2 days of in-house, small business training.

## “What we got”...

National Small Business Week 2001, in conjunction with the 34<sup>th</sup> Annual Joint Industry/SBA Procurement Conference, was held at the Renaissance Washington, DC Hotel, May 7-9, 2001. Once again, Dan Sturdivant served on the steering committee to shape this conference, as well as participated on two of its panels and workshops. But that's just our “usual” level of small business leadership and camaraderie. This year, our Director, Kevin Boshears, was the recipient of the SBA's very prestigious Frances Perkins Vanguard Award. This award is named after Frances Perkins, who served as Secretary of Labor from 1933 to 1945 under President Franklin D. Roosevelt, and was the first woman to hold a Cabinet-level position. Ms. Perkins was a social reformer who brought to her position a commitment to women's issues. The Frances Perkins Vanguard Award honors Government and industry for their excellence in the use of women-owned businesses as prime contractors and subcontractors. The award is also based on those individuals or industries that can describe significant “best practice” issues that utilize women-owned small businesses in prime contracting and subcontracting programs. The evaluated areas of consideration included; leadership, advocacy, innovation, and implementation. All traits of Kevin Boshears, his OSBD staff, Treasury's bureau Small Business Specialists, the BCPO's & Treasury's Senior Management. While the award was given to Kevin, it was clearly a Treasury team award and effort.

## “What we're doing”...

Well, we're not resting on our laurels! One of the most unique “best practice” outreach activities anywhere in the Government small business community, is Treasury's Vendor Outreach Sessions (VOS). These sessions, which were created by Treasury's OSBD, are designed to provide the small business community monthly access to the Treasury bureau Small Business Specialists, via prearranged, 15-minute appointments, to discuss their capabilities and learn of potential procurement opportunities. The sessions have evolved from vendors “just” meeting with the bureau Specialists, into having a “Special Guest” from other Government agencies or prime contractors. We have also designated the March VOS as women-owned small business “only”, in conjunction with Women's History Month. We also host “Prime Contractor VOS”(in May and November) and “IT Program Manager VOS”(in June and December). We recognize Treasury is basically an “IT” agency in an “IT” town. It's a perfect combination, and the vendors love it! Additionally, we work hand-in-hand

with the CIO's office by participating in each other's outreach events that focus on small business participation.

As you can see, we are constantly demonstrating our level of commitment to the small business community. We truly live up to our motto that Treasury is "open for business". Thank you, all, for supporting our efforts.

## ELECTRONIC COMMERCE NEWS



### SO, WHAT'S GOOD ABOUT SECTION 508?

by Richard Miller

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Hopefully, you've heard far more about Section 508 than you really have wanted to! If you're unaware of it, go to [www.treas.gov/procurement/508](http://www.treas.gov/procurement/508) and you will see what it's about. It's a new law requiring that the federal government only acquire information technology that meets a new set of standards that will give individuals with disabilities comparable access to systems and data as the rest of us. However, most of you have heard much about it...or at least enough that it immediately raises your blood pressure and pulse!

Why? Because you are reacting **not** to Section 508 but to implementation of Section 508 by the federal bureaucracy. As an insider, the federal government implementation of Section 508 has left a great deal to be desired!

Section 508 is inherently good! It is going to allow everyone to access information technology easier, both the disabled and non-disabled. But, before you quickly assign yourself to the latter group, think about this. Look to the colleague to the right of you and to the left of you. Among the three of you, one of you is going to become disabled by the time you are in your senior years...perhaps while you are still working. Section 508 will help ensure your access to federal information and systems, whether you remain a federal employee, or are solely a citizen.

Aside from this personal reflection on its benefit, think of what it feels like to be a presumably unemployable person with a disability, and then to be able to be employed earning one's way in life. The impact emotionally, psychologically, intellectually and in other

ways is immeasurable! The ability to improve one's quality of life...and even standard of living...through gainful employment is something we too readily take for granted. Section 508 helps make this a reality.

So, although the path to implementation feels like a trek through perilous jungle, the ultimate rewards are precious and worthy of the effort.

## FROM THE PROFESSOR'S DESK

### TEACHING: A CHANCE TO GIVE BACK

by Ronne A. Rogin



All of us in the acquisition profession have taken many classes relating to our ever-expanding field of knowledge. For those of us who have been involved in Government contracting for a hundred years or more (it feels like it, doesn't it?), there is a way we can give back to the acquisition community. Teaching classes not only enhances your knowledge (and resume), but helps the newer 1102's take advantage of your experience. I will present a number of opportunities below and maybe inspire some people to consider sharing their knowledge. There are a number of people who are doing this now—do you know anyone in your organization that teaches classes?

The National Contract Management Association (NCMA) offers four different types of training. There are the brown bag lunch sessions, like the "subway sessions" sponsored by the Procurement Executives' Committee; there are NCMA's Fast Response Seminars, where a full day is spent on a "hot topic" like award term contracting; there are the annual National Education Seminars, which are also one-day sessions; and last, NCMA offers courses that may be anywhere from 3 days to 2 weeks on various topics, similar to those courses available to us at TAI. For many of these sessions, the teaching materials are provided to all volunteer and paid instructors.

There are more opportunities at local colleges and universities, both on-line and in the classroom. Maryland, Virginia, George Washington University, to name a few, all offer certificate programs in Government Contract Management. The classes required for the certificate mirror those required of 1102's, and may



provide some of the 24 hours of business classes required for grade 13's and above.

Last September, I began teaching contract administration in the UVA program, a class our own Procurement Executive had taught for years. The experience has been challenging, fulfilling, edifying, and exhausting, all at once. I found myself having to study much harder than the students in order to teach each class, because it's been a very long time since I took basic contracting. The students are a mix of Government and industry employees, so the exchange of ideas and perspectives has been wonderful. Most of the students are in their 30's, some younger, some older. Some have almost no contracting experience, and some have as much as 20 years of experience. One of the challenges is to connect with every student, every class, to make sure *everyone* walks away with something they didn't know before.

If teaching is something that interests you, there are a number of ways you can start, on a smaller scale. If you sign on with one of the colleges, obligating yourself for an entire semester, and don't enjoy the experience, the semester will seem VERY long! One suggestion is to offer a brown bag training session at your bureau or in your branch. Keep the group small and informal, and see how you do. (Note: Teaching is not for everyone—we've all had instructors who are highly competent but don't come across well in the classroom.) Some people do not like getting up in front of groups, so if this is something you want to try, you need to conquer that fear! Starting with a small group of people you know will help, or consider joining your local Toastmasters Club to get some non-threatening speaking experience. (I say "non-threatening," because my students continually ask questions to which I do not know the answer. That can be very intimidating! But what I do is tell them I don't know, ask if anyone else in the class knows, and then take the item as my homework assignment for the next week.)

Once you've conquered the small, friendly group presentation, you might volunteer to give a presentation at a bureau conference, like several folks did at our procurement conference in March. Getting up in front of 100 people or so (one of which is probably your boss!) will let you know if this is something you want to continue to do, or something you hope NEVER to have to do again.

If you're still having fun, consider contacting the local colleges or companies that offer acquisition training. There are two caveats here: (1) If you accept a paid teaching position, you will need a letter from your supervisor approving this activity and stating there is no

conflict with your daily job requirements; and (2) you may need to use annual leave in order to teach a course during work hours. There are a lot of variables here, but your supervisor or ethics officer will work with you to iron out the details.

I look forward to my class at UVA each week, because even though I'm the instructor, I always learn something new. And if you are interested in going for NCMA's CPCM or CACM certification, there's no better way than teaching to brush up on the basics and the "hot topics" to prepare you for the exam. I taught school for over 10 years before entering the Civil Service, so getting up in front of a large group is not an issue for me—if you can stand up in front of a group of 50 children with short attention spans, you can stand up in front of anyone! Getting back into teaching has been one of the most challenging and rewarding things I've done for a long time!

## HISTORIC EVENT HELD

### *IRS's Reverse Auction was a first for Treasury & the largest ever held*

by Geoff Gauger



Treasury's headquarters building has been the site of many historical events since it was built over a century and a half ago. One such event was in 1877 when the first commercial telephone ever used by a Federal agency was installed in the building. The phone was connected to a telephone line that extended from the Treasury Building to the White House. The Secretary of the Treasury at that time, John Sherman, would use the phone to impress visitors by calling his friend, Dr. Johnson, and have him sing over the phone in his big bass voice.

Telephone lines played an important role in another historic event that took place in the Treasury Building's Diplomatic Room on May 14<sup>th</sup> of this year. The event employed the Internet to conduct Treasury's first automated reverse auction where the IRS requested bids on desktop and laptop computers, monitors, and installation services worth approximately \$131 million at pre-auction prices. In addition to being Treasury's first reverse auction, this auction was the largest ever conducted by the Federal government. According to Government Executive Magazine, the previous largest reverse auction of \$10 million was conducted last September by the Defense Finance and Accounting Service for the purchase of computers and IT equipment.

The auction began promptly at 10 AM and several bids were immediately placed that significantly reduced the pre-auction prices. The room buzzed from the excitement brought about by successively lower prices placed by the three bidders, which were: Presidio representing IBM, PlanetGov representing Dell, and Government Acquisitions representing Gateway Computers. Steven Heutlinger, Ariba's Director of Sales Support, provided an excellent narration of the event as it unfolded, educated everyone on Ariba's auction application and provided insight into the possible strategies being employed by the bidders.

By the time bidding concluded at 1:24 PM, the IRS had saved over \$67.8 million!

An example of the savings that were achieved was the unit price of a top-end desktop computer was reduced from a pre-auction price of \$1,434 to \$625. That's a saving of 56%! Not bad for an investment of a few hours where the vendors did all the work and the IRS reaped the benefits. Comparisons of pre-auction prices, the

Table 1-1 Sample Savings Achieved				
Description	Pre-Auction Price*	Lowest Bid Price	Percentage Savings	Lowest Price Bidder
Desktops	\$1,434	\$625	56%	PlanetGov
Laptops	\$3,254	\$1,475	55%	PlanetGov
Monitors	\$268	\$175	35%	PlanetGov
Installation Services	\$245	\$180	27%	PlanetGov

\* Pre-Auction Prices are proposal prices submitted by PlanetGov in response to the solicitation for the IRS's requirements

lowest priced bidder, their bid price and the percentage savings are shown in Table 1-1. It should be noted that when the lowest bid prices that were achieved through the auction process are compared against computer buys of similar quantities and specifications, the desktop and laptop savings are closer to 25% and 27%, respectively. In addition to achieving significant savings, the evaluation of best and final offers was concluded the day the auction was conducted as opposed to this process taking several days.

The invited guests who were present at this event represented a cross section of the finance, procurement and technology communities from the Mint, Financial Management Service, US Secret Service, Bureau of Engraving and Printing and the Bureau of Alcohol, Tobacco and Firearms. Everyone seemed impressed with what was accomplished and talked about how reverse auctions could benefit their organizations. Dan McLaughlin, Director of Information Systems Acquisition, remarked: "As the government moves

further into E-Commerce, reverse auctions will become an important tool to help speed delivery of service to our customers and stretch scarce program resources."

*"By every measure, the auction was a resounding success. The event was a success for all of the vendors who participated, the Program Office and the taxpayers."*

*Dave Grant, Director of Procurement, Internal Revenue Service*

The auction is part of Treasury's strategic goal for making the reverse auction pricing tool available for Treasury's procurement officials' toolbox. This reverse auction was the first step toward achieving that goal by gaining first hand experience with conducting a reverse auction and learning what to expect when conducting them.

The auction was hosted using Ariba's eSourcing auction application, one of several applications on the market today that brings buyers and suppliers together in a reverse auction environment. These reverse auction applications also permits suppliers to bid against each other using a web-based application that permits sellers to view, in real-time, each others' bids and aids competitors with deciding what price they must bid to secure the buyer's business. Additional reverse auctions are planned for this summer to learn other enablers' auction applications. (Enablers are firms that perform reverse auctions.)

The IRS's requirements were solicited on a best value basis and it is widely anticipated that PlanetGov will be selected to provide the IRS's requirements. An official announcement on the IRS's selection is expected shortly.

The future of reverse auctions in Treasury is here!

## Alternate Dispute Resolution at a Military Installation

by Lynn Lackey

In my last position before I came to BEP I was assigned as Chief, Construction and A&E Element at a military installation. Upon my arrival there I was informed there was a construction contract for new military family housing in which there were numerous claims. Within a couple of months the claims rose to a total of 10 that consisted of over 20 different items of work. The total amount of these claims was approximately \$810,000.00. The Government counter-claimed. I will discuss two

items of work in this article and how I was able to use Alternate Disputes Resolution (ADR) to resolve the impasse.

The biggest bone of contention was the issue of dirt. The contractor was required to re-use suitable fill materials that had been unearthed and to dispose of the fill that was not useable. Per the contract, the Government directed the contractor on where to place the dirt. The contractor had several piles of dirt and the Government managers changed their minds on several occasions and directed the contractor to remove the dirt and replace it in other areas. Eventually the contractor eventually co-mingled all the dirt into one large pile. The Government then directed the contractor to make the dirt suitable for fill material after it had been co-mingled. The Contractor refused and piled the dirt higher and higher. Finally the Government came in and stated the pile of dirt (which was quite huge from the pictures I've seen) was a safety hazard and was to be removed immediately. The Contractor complied, but only after unilaterally being directed to do so.

Another issue was the actual housing units themselves. The previous Contracting Officer had not written acceptance letters after each separate unit was accepted. Due to this fact, the Government could not determine when acceptance had taken place since there was no backup documentation.

On several occasions I requested meetings with the contractor to discuss all the issues. Each time they agreed to meet, but would never set a date. I explained that I was ready to settle several items of work, but it did not make a difference. No meetings took place.

Yearly contract claims that are considered the worst in the command are taken out of the base level attorney's hands and sent to trial attorneys at another installation; this was one of those claims. Since I had made several attempts to speak with the contractor and settle some of the items, the attorneys and I decided to see if we could get the contractor to agree to use ADR. They did.

Approximately a month prior to our date with a mediator, the contractor agreed to enter into pre ADR fact-finding. This consisted of three long and intensive days. On the contractor's side there were 2 attorneys, the owner, the project manager, and several sub-contractors. The Government participated with 3 attorneys, myself (CO), an engineer, and an inspector.

It became apparent from the onset that both parties lacked documentation. The contractor stated the

Government had accepted buildings and had done so in writing. The Government position was that no substantiation of this fact could be found within the contract files. Finally, the contractor produced documentation that the inspector had signed accepting the building. I asked if this was ever given to the Contracting Officer. The president stated the Government signed it. I again asked the question, and again received the same answer. I then asked the contractor's attorney if this documentation was ever given to the Contracting Officer. "No" it had not. At that time I asked the inspector if he had signed this paperwork, he glanced at it and stated it looked like his signature. I stated to all present that an inspector does not have the authority to accept work and, therefore, the documentation was not binding.

While getting ready for fact-finding I spent many hours going through the Government's documentation. I found a videotape that the engineer had made at the site. The engineer did not want to use the tape, but after I viewed it, I knew we would have to do so. During fact-finding the contractor gave the Government a list of when they believed we had accepted the buildings. Some of the building numbers and dates did not correspond with the videotape the Government had made. The Government produced the videotape of several housing units in which countertops were in the middle of the kitchen floor uninstalled, painting was not complete, garbage was lying around, just to name a few items. Also on the tape was a project manager who worked for the prime stating that indeed these buildings were not complete. The contractor's attorneys seemed very upset and asked for a recess after the tape had finished.

The issue of dirt was discussed last. This issue was discussed for several hours. We could find no clear-cut solution since it was obvious both sides were at fault.

After three days of being with attorneys, we all left the table. Then negotiations began. In the end we settled for a \$375,000.00 payment to the contractor, and never met with the ADR mediator. If we had not used ADR, this would have ended up in court. Since the contractor refused to meet with me, all discussions had ended and the Government was at a stalemate. In this case, ADR saved the Government and the contractor countless hours and dollars through the use of ADR techniques without even seeing the mediator. This is just another success story on ADR and gosh am I glad we have it!

## WHAT'S UP IN THE BUREAUS

At MINT

### U.S. MINT CONDUCTS ITS FIRST REVERSE AUCTION

by: Joe Giuliani

The U.S. Mint's corporate operations procurement office recently completed an acquisition for services that included two innovative procurement practices. Both reverse auctioning and a performance based incentive for potential option years were features of this procurement action.

Prior to issuing the solicitation, the Mint discussed the possibility of conducting a simple reverse auction with the various vendors that had expressed an interest in its forthcoming dry cleaning services RFP. The Mint was surprised to discover that all of the vendors were very receptive to the concept of a reverse auction and they all agreed to participate via e-mail.

The Mint procurement office then conducted market research to ascertain typical unit prices for the types of dry cleaning services needed to support the Mint Police. Also, the contracting officer crafted a solicitation that included the ground rules for the reverse auction.

As originally discussed with the vendors, the Mint conducted the reverse auction via e-mail by initiating the bidding using an average of current market place-based unit prices. Offerors received the Mint e-mail with the initial benchmark unit prices and were encouraged to offer lower prices or to reverse bid. After several rounds of reverse auctioning, the Mint received unit prices that were much lower than those commercial unit prices discovered during its initial market research.

After selection, the successful offeror agreed to a performance based service contract that includes incentive provisions for additional option years instead of a traditional arrangement that would have included potential monetary incentives. The contract also includes a provision for disincentives that consist of both a potential reduction in the period of performance and the documentation and release of unsatisfactory past performance data.

The Mint plans to conduct additional procurements that incorporate the innovative concepts of reverse auctioning and non-monetary incentive/disincentive arrangements. Mint program offices are interested in these innovative techniques and have become active

participants throughout these new procurement processes. Also, the Mint discovered that the vendor community is definitely interested in procurements that include these innovations.

At USCS

### MARKET RESEARCH TIPS

by Pam Daragan

Market research is a tool for surveillance of the marketplace. It is an effective means to review industry capability, product availability, competitive market forces, and sources. Information gleaned from market research allows for the formulation of concise requirement documents. All parties must be made aware that you are engaged in market research only.

#### DO'S

You may conduct meetings with individuals or hold industry-wide meetings in pursuit of market research. Exchanges of information can be conducted by contacting knowledgeable individuals in industry or government, requesting written data, and/or holding conference-style meetings with groups of industry representatives. The exchanges can be oral or written, conducted over the phone, in person, or via the Internet.

General purpose industry meetings convened for the purpose of conducting market research are not the same as formal pre-proposal conferences advertised in specific Requests for Proposals (RFP) to furnish supplies/services on specific programs or conducted in contemplation of an imminent or active procurement. While both types of meetings should be logistically coordinated by the Procurement Division, pre-proposal conferences must be managed and controlled by the Procurement Division but general-purpose meetings can be managed and controlled by the sponsoring organization with some notice to the Procurement Division.

The following table lists some of the types of information usually identified through market research:

- Desirable technology and potential capable suppliers (state of the art data)
- Commercial availability of the supply or service
- Business size/ownership
- Distribution and support capabilities of suppliers
- Service levels available and patterns of demand
- Financing practices, standard commercial terms and



conditions

- Practices on customizing, modifying, or tailoring commercial items
- Performance risk data on facility location or delivery schedule
- Past performance history
- Market information including, but not limited to, the following:
  - Price information (price lists)
  - Product quality and order quantity
  - Features, product specs, and pictures (descriptive literature)
- Support, delivery, and warranty information
- Copies of non-proprietary reports and previous Statements of Work
- Typical data available to support market research include, but are not limited to, the following:
  - Product brochures and catalogs
  - Trade Journals (advertisements, articles, and product evaluations)
  - Testing organization data (Qualified Product Lists, Underwriters Labs)
  - Source publications (Yellow Pages, Thomas Register)
  - Federal Supply Schedules
  - Governmental and non-Governmental economic data
  - Commodity or industry pubs (market reporters)
  - Economic forecasting service

### DON'TS

- Do not make any promises (actual or implied) that could reasonably be construed as an enforceable obligation on the part of the Government for the payment of money.
- Do not sign contractual documents or agreements.
- Do not request technical/cost proposals or work statements for specific projects.
- Avoid all actual conflicts of interest or the perception of a conflict of interest involving industry with regard to purchase of, or research into, specific vendor products or services.
- Do not convince yourself that you are conducting a source selection. That is done in partnership with your Contracting Officer!

## At IRS **INDUSTRY RELATIONSHIP PROGRAM**

*by John D. Moore*

IRS Procurement's Industry Relationship Program monitors and improves internal processes and practices that are particularly important to its contractors. The Program consists of two components; the **Annual Contractor Survey** and the **Industry Dialog Program**.

The Survey identifies what's important to contractors and how well IRS Procurement is doing in those areas. This feedback is then used in the selection of contractors to meet with IRS Procurement at an Industry Dialog Meeting. These meetings identify industry best practices that help IRS Procurement improve its' processes and practices.

**One result of the Industry Relationship Program is that 93% of IRS Procurement's contractors are happy with the handling of their contract; an 8.5% improvement over last year.**

Sponsored by the Office of Contract Administration, the Program invites selected contractors to meet with appropriate managers and contracting officers to recommend industry best practices and to discuss overall performance. Contractors are selected based on their overall contribution to the Service's mission and their responses to the Annual Contractor Survey

Since the Program's inception in 1999, 17 contractors have participated in the Program, ranging from Accenture and Lucent Technologies to Booz-Allen and Hagerstown Goodwill Industries.

Meetings are informal but well structured (a copy of the agenda is sent to contractors in advance) and time-efficient (approximately one hour). Many contractors have expressed both surprise and appreciation that the Director and all Branch Chiefs attend most meetings. Appropriate Section Chiefs, Contract Administrators, COTR's, and Pre-Award staff also attend. During and after meetings, the Director assigns promising recommendations to Branch or Section Chiefs, either to implement, or to analyze and recommend action.

Industry response has been extremely positive, with several contractors traveling considerable distances to participate. One small business contractor asked to

participate via a teleconference and was very satisfied with the outcome. Although the focus of the Program is identifying best practices, most contractors also take the opportunity to rank IRS Procurement among the very best in the Government, and in many cases, better than their private sector counterparts. Occasionally a contractor will identify a shortcoming in the administration of their current contract, and immediate action is initiated to resolve any problems.

The most common outcomes of Industry Dialog Meetings are informal agreements that improve the day-to-day administration of the contract. However, occasionally issues are identified that warrant a concerted effort to change business processes that affect many contracts. For instance, by changing the way they defined their inventory on an IT maintenance contract, IRS was able to reduce their process time by 67%. They are applying that and other "lessons learned" to other contracts.

The Program has proven to be an extremely effective means for initiating and facilitating an ongoing dialog with current contractors. IRS Procurement expects to see the Program's success reflected in future contractual relationships, improved productivity and quality of working life, and improved internal and external customer satisfaction.

### *And also at IRS*

## **5 HONORED AT HAMMER AWARDS CEREMONIES**

Laura Moehrke was honored as a part of the Users Group for the NIH Contractor Performance Database. Fellow employees Tanya Beckett, Jan Brinkley, Cathy Williamson, and Alan Kotch were honored as part of the Modernization Program Management Team. Congratulations to all!!!

### *At ATF*

## **SURPLUS VEHICLE DISPOSAL PROGRAM**

*By Gregg Williams*

**ISSUE:** It is taking 3-12 months to dispose of the Bureau's surplus vehicles through GSA. We are incurring:

- Storage costs
- Space problems because precious space is being used to store vehicles that we have no use for
- The residual value of the vehicle is declining as the vehicle sits

Historically agencies dispose of surplus vehicles through the General Services Administration (GSA). While the cost for these GSA services appear minimal (\$250 per vehicle), there are disadvantages in exclusively using GSA to dispose of surplus vehicles. It may take anywhere from 3 to 12 months or longer before a vehicle ever makes it to an auction through GSA. In the meantime, the surplus vehicle is either occupying a much needed parking space, or funds are expended to pay monthly storage fees for the vehicle until it is picked up for auction. Storage fees may run as much as \$150/month; if the Bureau must wait 10 months for GSA to pick up the vehicle; the storage cost is \$1500. This is the magnitude of storage costs incurred by the ATF.

The ATF found a better way to dispose of our surplus vehicles, an innovative way to address the issue of timely and efficient disposal of surplus vehicles—use of a private contractor.

In March 2000, the ATF awarded a vehicle disposal contract to Griffin Tire & Battery, located in West Springfield, MA. Griffin came to our attention through a small business vendor outreach program conducted by the Treasury Office of Small Business Development. Griffin is a woman owned, 8(a) qualified firm. Griffin disposes of vehicles through auctions throughout the country. The contract lists eleven regions, the vehicle disposal fee is determined by the region from which the surplus vehicle originates.

The ATF awarded an Indefinite Delivery/Indefinite Quantity type contract, with options through March 2005. During the first year of the Griffin contract the ATF placed 3 orders for the disposal of a total of 55 surplus vehicles. The average elapsed time from issuance of delivery order to receipt of proceeds from the sale of the vehicles was only 16 DAYS! Our experience with GSA was 3-12 months.

The negotiated disposal fee is stated in the contract and varies by region. For example, if the surplus vehicle originates from Regions one through three, fee to the contractor is \$722.00 for each vehicle disposal. Regions one through three include the eastern seaboard. The fee for Regions 4-10 is \$950.00. These regions cover the southeast, the Midwest, and the West Coast. The fee for Region 11 is \$1300; applicable to remote areas such as

Alaska, Puerto Rico, Virgin Islands, and Hawaii. The contractor receives a flat \$257 for each vehicle disposed of as scrap when the vehicle auction proceeds are insufficient to cover the contractors' fee. The contractor receives \$257 for disposal of a scrap vehicle, and the ATF receives all sums in excess of the first \$257.

Orders placed with Griffin for vehicle disposal do not require appropriated funds. The contractor is paid through proceeds from the sale.

This is not a requirements contract, therefore the government continues to have flexibility regarding disposal of the surplus vehicles.

Depending on the location of the GSA auction site, Bureau vehicles may not be getting the necessary exposure to a large audience of auto buyers, to bring in the best return on the dollar per vehicle. Griffin ensures that vehicles are auctioned at those sites that will provide maximum exposure.

The ATF experience is that the Griffin surplus vehicle disposal contract has proven to be a highly efficient means for disposal of surplus vehicles. Use of this contract is available to all bureaus of the Treasury Department. I encourage use of this vehicle if you desire to dispose of your bureaus' surplus vehicles quickly and with minimal administrative effort.

For more information about the Surplus Vehicle Disposal Program, Contract number Tatf 00-10, please contact:

Steve Gordon, Contract Specialist, 202.927-5702, SCGordon@atfhq.atf.treas.gov

Mike Clay, COTR, 202.927-8767, MClay@atfhq.atf.treas.gov

## **TRAINING AND CAREER DEVELOPMENT**

### **EXPERIENCE IS THE BEST TEACHER**

*by Corey Rindner*

Everyone knows that experience is the best teacher. The Procurement Executives Council (PEC) believes that this adage is so true they are making it a part of career development. The PEC has inaugurated an Acquisition Rotation Program (ARP) that will provide broad experience to the Government's mid-level acquisition

professionals without the need to change jobs. The program is also part of the PEC strategy to retain members of the acquisition workforce. We want to keep the good people we already have by providing career-enhancing experiences in place.

Traditionally, workers have had to apply for full-time positions to acquire broadening experience. ARP changes this. After June 15, agencies will be able to post temporary assignments ranging up to 120 days in duration on the PEC website at [www.pec.gov](http://www.pec.gov). The website, with links to the Office of Personnel Management (OPM) job referral website at [www.usajobs.opm.gov](http://www.usajobs.opm.gov) and the FirstGov entry-point to the government at [www.firstgov.gov](http://www.firstgov.gov), will act as a clearinghouse between agencies looking for an acquisition professional for a temporary assignment and workers looking for a career broadening experience.

ARP is established to provide Federal acquisition professionals a developmental opportunity to rotate through other organizations to strengthen existing competencies or acquire new skills. The objective of the program is to introduce the participant, ("detailee"), to new experiences associated with the hosting agency's ("host") mission and goals. Detailees will be provided with the opportunity to interact with other offices within the agency and with high-level agency officials. The program provides home organizations with a method of enhancing the skills of the existing workforce, reward performance, and provides required training at little or no cost.

Through sponsoring these rotational assignments, a host and home organization:

- Promotes new ideas and a different perspective within the host and home organizations
- Fosters greater flexibility in the temporary deployment of personnel
- Strengthens the host and home agency cultures through greater organizational understanding and effectiveness
- Improves cooperation and integration of effort across the government
- Increases communications and sharing of information
- Broadens employees' knowledge of new and different management systems, processes and procedures
- Provides an opportunity for employees to contribute while learning

- Heightens development of employee skills and abilities
- Provides a method of obtaining training without additional budget
- Provides a method of rewarding good performers with interesting work assignments

Through participating in the rotational assignment program, a detailee:

- Gains new experience in current career field
- Broadens his or her experience base in a new area
- Prepares for future positions which may include supervisory and management positions
- Hones technical skills
- Gains a better appreciation and understanding of the host and home organization's functions and operations, e.g., budget processes, congressional relations, etc.
- Has an opportunity to network across the government
- Gains exposure to different working environments and organizational cultures
- Completes skills currency requirements in an interesting and innovative manner

Rotational assignments should be of an appropriate duration and scope to provide the detailee with significant experience in the subject area. Depending on the assignment, rotations may be 30, 60, 90 or 120 days. Assignments should center on the completion of a definable end product. Some examples include:

- Developing and implement a new initiative/program
- Developing training materials for a new initiative/program
- Participating in a source selection
- Drafting a solicitation, a statement of work, or a source evaluation plan
- Gathering and analyzing data for a research project
- Organizing focus groups for a research project
- Facilitating the implementation of a new system

Rotational assignments may include participation on an individual project on a part time basis as well. For example, the detailee may spend several days a week on a specific assignment while continuing to be based at the home organization.

The Department of Transportation has sponsored an internal job rotation program that has been well received by employees. The Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget (OMB) has also sponsored rotational assignments that have allowed acquisition professionals to interact with top-level federal acquisition policy makers. ARP hopes to build on these past successes.

ARP has been pilot tested with several rotational assignments at the Department of Treasury. A procurement analyst is participating with Fairfax County on a project to acquire school buses using a "best value" rather than a low price procurement approach. Bus configurations will be battle tested at the Annual State of Virginia Bus Drivers Rodeo prior to award of the contract. In exchange for sharing expertise for several days each month, the analyst is gaining exposure to municipal acquisition methodologies.

Another assignment posted an acquisition professional in a major system program office. The detailee gained a better appreciation for the issues of program management and in return was instrumental in assisting the program in advanced acquisition planning. The end result was a closer working relationship between program office and procurement.

A third pilot placed an acquisition person with the General Services Administration (GSA) travel card office to assist in training development. The acquisition person is responsible for the purchase card program at Treasury and is using the experience to enhance training on the purchase card program.

In the federal acquisition community, we recognize that formal instruction is valuable, but often, experience is the best teacher.

*And since we're talking about the Acquisition Rotation Program....*

## **ROTATIONAL ASSIGNMENT AT THE GSA SMARTPAY OFFICE**

*by Martha Lanigan*

It's always rewarding to complete a project and get good reviews on it. I recently had the pleasure of working for two months in the GSA SmartPay contracting office on web based travel cardholder instructions. I was able to



complete development of the instructions during the assignment. Following receipt of agency comments and the addition of graphics and formatting, the interactive training should be on the GSA SmartPay web site in June.

The big challenge facing the GSA SmartPay staff at this time is individually billed travel card delinquencies. To assist agencies in managing travel card delinquency, GSA is preparing a Travel Card Guide for travel card program managers containing best practices identified by a Citibank travel card working group. Additionally, they wanted to develop interactive cardholder instructions for the GSA SmartPay web site and that was my project. For both products, we decided on a "Survivor" theme, in a take off from the popular TV show.

Working in the GSA SmartPay office, I was impressed by their teamwork. Everyone was willing to pitch in and help, and there was good communication in the office. I know they helped me with countless questions. In return, I think they enjoyed having an agency representative on hand to quickly bounce ideas off of and hear how things work at the agency level. I invited some of the newer staff to the purchase card training in Departmental Offices, which they said was very helpful.

During the assignment I attended a Services Acquisition Center Town Hall meeting, and some in-house training on project management. Additionally, I saw first hand some of the huge amount of work that goes into planning and preparing for the annual GSA SmartPay conference to be held in Miami this year.

All in all, the rotational assignment was a very positive experience. I highly recommend it.

## THE TREASURY PROCUREMENT INTERN PROGRAM

We've gone and done it again...found two more bright eager interns to develop as the Treasury Contract Specialists of the future. Joining the program in the last couple of months are Andy Boyle and Sharon Illig. This is the first Government job for both. Andy is working at FMS, while Sharon is currently assigned to OTS.

Several of the interns who have been with the program for a while have recently moved to new rotational assignments. Amanda Boshears is learning the non-FAR side of the procurement business at Mint. Sheryl Smith

and Stephanie Bracey are receiving their training currently at Oxon Hill with the IRS.

Bureau support for the intern program has been wonderful. The interns are treated as special guests every where they go and are given the opportunity to contribute to the success of the bureaus' missions.

Thank you to all.

## Meet Our Interns



Hello, my name is Michael "Mike" Miller. I am currently a member of the Department of Treasury's Procurement Intern Program. My first rotational assignment, an extremely educational and enjoyable experience, was at the Internal Revenue Service (IRS) from September 2000 through February 2001. Since the completion of my first rotation, I have been permanently assigned to the United States Secret Service (USSS) where I have been warmly welcomed.

Before joining the Treasury Procurement team, I spent 6 years working in the private sector for various workers' compensation insurance firms serving in roles from Claims Adjuster to Claims Consultant. Prior to my stint in the insurance field, I served 6 ½ years as an officer in the United States Air Force where, in 1991, I obtained my Masters of Science Degree in Space Science from the University of North Dakota. I earned my Bachelors of Science Degree in Business Administration from the University of Alabama at Huntsville in 1985.

Like many of my fellow interns, I'm looking forward to expanding my ever-growing procurement knowledge base. I am confident that with the Intern Program Manager's continued guidance and with the assistance of the programs many strong supporters, I will be an asset to the Treasury community upon my completion of the program.

## GETTING TO YES

*by Stephanie Bracey*

*Stephanie is a member of the Treasury Procurement Intern Program. She is currently assigned to IRS.*

Okay lets face it, negotiating will always be a part of our lives. We are parents who negotiate with children to eat their peas, teenagers trying to negotiate an extension on curfew time, and we want the big negotiations for the



top paying salary. *Getting to Yes*, by Roger Fisher and William Ury, suggests that to negotiate agreement without giving in you should follow these key steps. Separate the people from the problem; identify interest and not positions; work together to create options that will satisfy both parties; and negotiate successfully with people who are more powerful.

When separating the people from the problem, "Getting to Yes" recommends that we always remember that negotiators are people first. Whether you are dealing with top executives, friends and families, unions or foreign nations, human beings will react. Emotions and sensitivities such as egos, anger, frustrations, fear, and defensive actions can easily become a part of the negotiation atmosphere. Focus on the problem, and remember to think of each side as partners working together to reach a fair and favorable outcome. Keeping this in mind sets the tone of the negotiations remembering that future relationships outweigh any final decision.

Identifying interests and not positions is a method that involves good communications. The other side may not know what your interests are unless you communicate them. Be specific in your interest and be willing to clarify any concerns and acknowledge their interest as part of the problem. Negotiations flow smoother if both parties feel that their interests are understood. Using phrases such as "correct me if I'm wrong", and "have I understood you correctly," shows your openness to their problems as well as your own.

After focusing on the problem and defining interest, invent options for mutual gain. One way to include options in negotiations is to spend time brainstorming. Brainstorming encourages creative thinking and brings invention rather than decision to the negotiations. Working together will generate more options and sets the pace in selecting shared interest and brings about mutual gain. The authors propose that invention before decision brings about solution.

Finally, what if the other side has a much stronger bargaining position? What if they are more powerful? "Develop Your BATNA—Best Alternative To a Negotiated Agreement." A BATNA has three key operations: "Inventing a list of actions you might conceivably take if no agreement is reached; improving some of the more promising ideas and converting them into practical alternatives; and selecting, tentatively, the one alternative that seems best." Using your BATNA will enable you to negotiate with your eyes open instead

of closed. The stronger your BATNA the better chance of an agreement that will satisfy your interest.

"Getting to Yes," offers win-win, common sense and easy to use methods for negotiations. With focus on giving GREAT customer service and improving communication skills, using these methods at home or office can only improve your negotiating techniques. The old way of tuff talk and tuff walk only offers bad relations. To improve your negotiation skills I recommend "Getting to Yes" then you can firmly say, "Let The Negotiations Begin!"

## OH, WHAT A FULFILLING!!!!!!

by Doris Thomas

Since joining the Acquisition Management Division (AMD), Financial Management Service, in October, 2000, I have had the great opportunity to work with a group of people who are talented and dedicated above expectation. Coming from a 20-year training background in the Federal government, I thought that I had trained them all, until I met up with this staff.

The office currently employs twenty contract management professionals, of whom seventeen have met the fulfillment requirements of the Treasury's Career Management Program. A Whopping 85%! Five of the seventeen AMD staff members have received their fulfillment certificates within the last few months, putting AMD very close to the top of the charts. We owe a great deal of this achievement to Mary Lou Alderman, Procurement Analyst, Office of Procurement, for her outstanding customer service. Her wealth of knowledge of the Treasury Career Management Program and the requirements necessary for competent 1102 professionals is much appreciated by AMD. She has guided us through the career management process and provided outstanding advice and counseling which made the process smooth and flawless.

In addition, we also want to recognize the staff at the Treasury Acquisition Institute, directed by Nick Nayak and the noteworthy classes in acquisition management that are being taught in Oxon Hill, MD. Nick and his staff also provide outstanding customer service and we have been recipients of their hard work. They are always on call to take care of any situation.

It has been a rewarding experience to have met so many dedicated and committed professionals within the

Department of Treasury and I have truly enjoyed the team effort.

## **PEOPLE IN THE NEWS**

**ATF** In April, Michele Spencer left for a position at Department of Justice.

**OCC** Dede Eischens and Wes McKee joined the OCC staff in March.

**Departmental Offices** Armenda Daye left for the department of Veterans Affairs in May.

**Mint** BCPO Jennifer Riggleman gave birth to a baby girl on Sunday, May 20. Both are doing well. Welcome to baby Lindsay from the Treasury procurement community

## **VACANCY ANNOUNCEMENTS**

For current Treasury vacancy announcements, visit <http://www.usajobs.opm.gov/a9trecon.htm>